BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Investigation pursuant to Senate Bill 380 to determine the feasibility of minimizing or eliminating the use of the Aliso Canyon natural gas storage facility located in the County of Los Angeles while still maintaining energy and electric reliability for the region.	Investigation 17-02-002 (Filed October 9, 2018)

COMMENTS OF ISSAM NAJM ON ENERGY DIVISION FINAL PHASE 1 SCENARIOS FRAMEWORK

Pursuant to the September 14, 2018 ruling of the Administrative Law Judge, I herby offer the following comments on the Energy Division (ED) Final Phase 1 Scenarios Framework.

1. On page 6 of the framework, the Energy Division states that "Historical, Aliso has played a key role relative to system reliability and gas prices" and continues to list three specific roles: (a) Gas system reliability, (b) mitigate pressure swings, and (c) price arbitrage. While Aliso was used for these purposes, it only plays a "key" role in the gas system reliability because of the slow speed at which gas supply travels. However, it's role for mitigating pressure swings or price arbitrage is no more important than any other storage system, including any system outside the state. Pressure travels at the speed of sound and can be mitigated very rapidly by increasing pressure at locations much farther than Aliso Canyon. Similarly, storing gas for price arbitrage can happen anywhere in the system between well production and gas use, and there is nothing unique about Aliso Canyon in this regard. I ask that the significance of Aliso Canyon not be overstated.
2. The physical boundaries of the hydraulic model are not clear. Will the model include all intrastate transmission lines, or will it assume certain pressure and mass flow at the entry points into the LA Basin. The assumed condition of the transmission flow has a significant impact on the modeling outcome.
3. On page 11, end of the first paragraph, the ED states that "All this data is stored in a "case file" by the modeling software and will be reported to the CPUC and Los Alamos where it will be reviewed and investigated." I ask that the case file be also shared with all the parties to the proceeding. There is no reason for this file to remain confidential. If SoCalGas

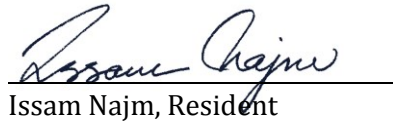
requires the CPUC to keep this file confidential, I ask Administrative Law Judge to conduct a hearing so as SoCalGas can provide their reasoning for keeping this file confidential.

4. On page 12, under "Core gas load", the ED states that historical hourly data are not available for peak (1-in-10) or extreme peak (1-in-35) core gas demand conditions. Historical hourly data are available because SoCalGas has hourly injection/withdrawal data and hourly receipt data, and all non-core customers have hourly burn data. There is no reason not to be able to calculate the hourly Core demand data from these datasets.
5. On page 15, under Flowing Gas Supplies, the ED provides a preliminary analysis of the historical data of the zonal transmission capacity from January 2014 to August 2018, and uses these capacities as the basis for the capacities in the model. How were these capacities determined? What is used as the capacity? If these are the actual flowing gas values during these periods, then they do not represent capacities. They only represent what SoCalGas chose to flow through the transmission lines during those times. I ask that the ED reconsider the use of these values in setting the capacities. For the purpose of hydraulic modeling, ED should use the rated capacity of each pipeline as long as the model predicts the pressure to remain within acceptable values. If the ED wants to apply a safety factor by reducing the capacity by 5% or 10%, then it should be stated based on that criteria.
6. Page 23, under "Feasibility Assessment: Simulation Outputs", I ask that the framework explicitly states that if any scenario that is deemed infeasible based on the modeling, then the ED provides all the parties with an assessment of what specific "bottlenecks" caused it to be infeasible, and how far from feasibility it is. This is important information for the Phase 2 scenarios which is supposed to include modeling of the operation of the system without Aliso Canyon and with these bottlenecks removed.

I hope the ED will accept my comments and make the requested modifications to the Final Framework scope.

Dated: October 9, 2018

Respectfully Submitted,



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